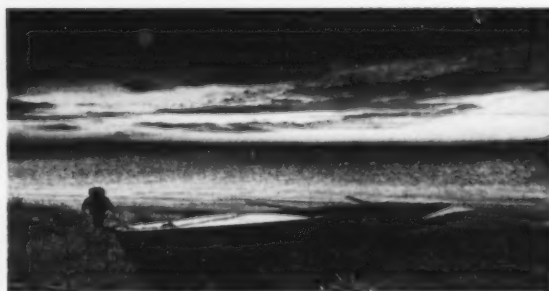




Department of Municipal Affairs



2008 – 2009 Annual Report

MUNICIPAL AFFAIRS

Message from the Minister

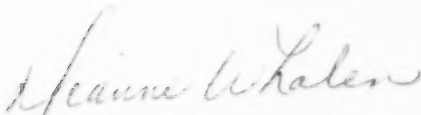
In accordance with Government's commitment to accountability, I have the honour to submit to the House of Assembly, the Annual Report of the Department of Municipal Affairs for the year ended 31 March 2009. The activities of the Department are guided by its Vision: **communities with viable, sustainable municipal services led by strong local governments.**

This is the first year of reporting on the Department's new Strategic Plan which is in effect from April 1, 2008 – March 31, 2011. I am pleased to report that the Department has made progress on all of its strategic issues: regional cooperation initiatives, municipal fiscal framework, and municipal asset management system. Over 40 communities have expressed an interest in an open dialogue on regional cooperation. The Department has reviewed municipal fiscal frameworks from across Canada and has made significant progress in developing a new municipal fiscal framework for this Province. Two pilot projects have been initiated to test municipal asset management systems.

I'm also pleased to report the Department has made significant progress on its 5-year Mission, in particular, increasing the provincial share of municipal infrastructure costs, so as to reduce the burden on municipalities, as well as assisting municipalities to reduce their overall debt.

I am accountable for the development of the 2008-09 Annual Report and the accuracy of the results reported. I look forward to continued progress on addressing issues of importance to municipalities in the next fiscal year.

Sincerely yours,



DIANNE WHALEN, MHA

**Conception Bay East & Bell Island
Minister**



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CONTACT INFORMATION

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Confederation Building, West Block
P.O. Box 8700
St. John's, NL A1B 4J6
Tel: (709) 729-5677 or 729-6869
Fax: (709) 729-7491

Eastern Regional Office

Confederation Building, West Block
P.O. Box 8700
St. John's, NL A1B 4J6
Tel: (709) 729-0259
Fax: (709) 729-0477

Eastern Regional Sub-Office

54 Manitoba Drive
Clareville, NL A0E 1J0
Tel: (709) 466-4030
Fax: (709) 466-1306

Central Regional Office

2nd Floor, Fraser Mall
260 Airport Blvd.
P.O. Box 2222
Gander, NL A1V 1L7
Tel: (709) 256-1050
Fax: (709) 256-1060

Western Regional Office

63 Broadway
P.O. Box 2006
Corner Brook, NL A2H 6J8
Tel: (709) 637-2332
Fax: (709) 637-2548

Island Regional Office

Elizabeth Goudie Building
P.O. Box 3014, Station B
Happy Valley-Goose Bay, NL A0P 1E0
Tel: (709) 896-2941
Fax: (709) 896-8847

Primary clients:

- 276 municipalities
- 5 Inuit Community Governments
- 182 local service districts

DEPARTMENTAL OVERVIEW

The Department of Municipal Affairs delivers programs and services to ensure people enjoy healthy, safe and sustainable communities supported by strong local governments. The Department supports the financial stability and viability of municipalities and the efficient and effective delivery of municipal services. The Department assists municipalities in meeting their infrastructure needs and provides the financial and administrative tools to support sound municipal governance.

Mandate

The mandate of the Department of Municipal Affairs is derived from the Department of Municipal and Provincial Affairs Notice, 2003 under the *Executive Council Act*, and is informed by the legislation set out in the Schedule (see Appendix A for a list of Acts under the Schedule) which outlines the powers, duties and functions of the Minister, who is also appointed Registrar General. The Department of Municipal Affairs is directly responsible for all matters relating to municipal and provincial affairs.

The primary clients of the Department of Municipal Affairs are the 276 municipalities, 5 Inuit Community Governments, and 182 local service districts in Newfoundland and Labrador. Based on the 2006 census, 89 per cent of the provincial population resides within municipalities or Inuit communities, approximately 7 per cent reside in local service districts and 4 per cent are in unincorporated areas. The Department also provides support to three Regional Service Boards which provide municipal services on a regional basis.

Lines of Business

Lines of business are the major programs, products or services provided to our primary clients. The Department of Municipal Affairs has four main lines of business: Local Governance, Municipal Infrastructure and Engineering Services, Employment Support, and Provincial Affairs. These lines of business are outlined below:

Local Governance

The Department strengthens local governance by:

- formulating land use policy and regional approaches to service delivery;
- providing municipal training to elected and administrative officials;

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Four lines of business:

- Local Governance
- Municipal Infrastructure and Engineering Services
- Employment Support
- Provincial Affairs

- providing legislative interpretation to assist in the development of municipal by-laws;
- advising local government officials;
- conducting reviews of municipal administrative matters;
- administering grants and subsidies for community infrastructure;
- examining local governments' financial operations;
- monitoring levels of debt;
- providing operational support;
- participating in inter-provincial policy development and knowledge sharing; and
- supporting regional cooperation initiatives.

Municipal Infrastructure and Engineering Services

The Department guides infrastructure investments by:

- assessing needs and prioritizing municipal infrastructure investments;
- providing financial support for the development of municipal infrastructure;
- monitoring and providing guidance and advice on municipal infrastructure projects; and
- advocating to the federal government, on behalf of municipalities, to secure long-term sustainable funding.

Employment Support

The Department works with local, community-based sponsors to create short-term employment initiatives that provide enduring benefits to communities. Additionally, Government has assigned the Department the responsibility to provide similar employment support programs in areas affected by permanent closure of fish processing plants and to coordinate interdepartmental efforts to assist workers affected by permanent fish plant closures.

Provincial Affairs

The Department has statutory responsibilities in relation to the following provincial affairs:

- coordinating annual ceremonies to honour our veterans;
- approving the use of legislated provincial identification symbols;
- prescribing and evoking *Newfoundland Daylight Time*;
- Great Seal of the Province; and
- Registrar General for the Province.

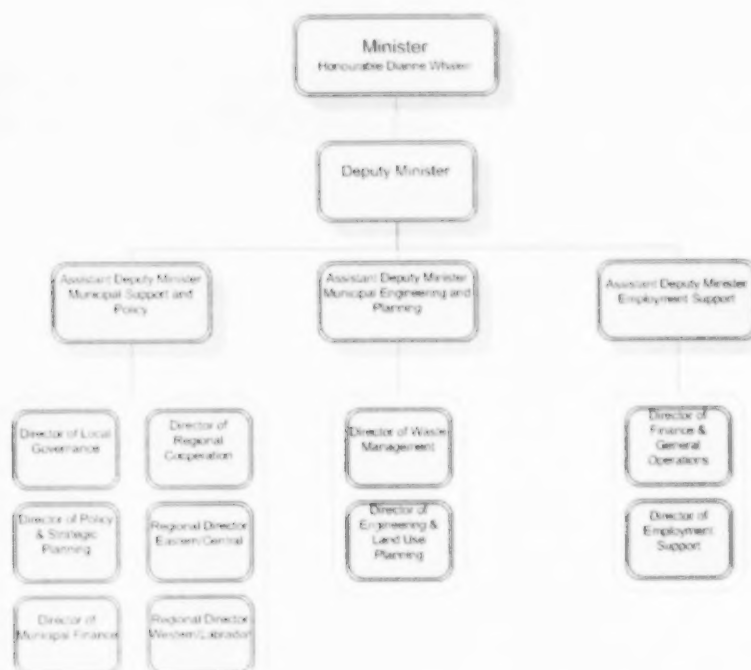
Three branches:

- Municipal Support and Policy
- Municipal Engineering and Planning
- Employment Support

Organizational Structure

The Department delivers its programs and services through three branches: Municipal Support and Policy, Municipal Engineering and Planning, and Employment Support. The three branches deliver four main lines of business: Local Governance, Municipal Infrastructure and Engineering Services, Employment Support, and Provincial Affairs.

While the new government agency Fire and Emergency Services – Newfoundland and Labrador is accountable to the Minister of Municipal Affairs, under Government's accountability requirements, it has its own business plan and annual report. The Municipal Assessment Agency also reports to the Minister of Municipal Affairs, but it also has its own annual report.



**Department of
Municipal Affairs**

**2008-2009 Annual
Report**

**Background on
Department:**

- 119 staff in Department
- Head office located in St. John's
- Four regional offices

Staff Complement

In 2008-09, the Department had a total staff complement of 119 positions – 63 males and 56 females. The educational backgrounds and skills of Departmental staff are diverse and reflect the Department's role in providing technical expertise to local governments in the areas of financial management, municipal administration, engineering, land use planning, employment support, and training for elected and non-elected municipal officials.

The Department's head office is located in St. John's. There are four regional offices located in: St. John's (Eastern Region), Gander (Central Region), Corner Brook (Western Region), and Happy Valley-Goose Bay (Labrador Region). The Department also maintains staff in Clarenville (Regional Operations). The head office concentrates on policy, planning, and support services, with regional offices primarily providing service delivery. The following is a schematic overview of the Department's staff complement and services by location:

Location	Primary Public Services	Staff Complement
St. John's - Headquarters	Program and policy development for capital works project assessments and contract administration; industrial water supply; land use planning; municipal financing; municipal training; legislative and administrative support; short-term employment creation.	84
St. John's – Eastern Regional Office	Capital works project assessments and contract administration, municipal training, legislative and administrative support.	13
Clarenville	Capital works project assessments and contract administration (water systems focus).	1
Gander	Capital works project assessments and contract administration, municipal training, legislative and administrative support.	8

Corner Brook – Western Regional Office	Capital works project assessments and contract administration, municipal training, legislative and administrative support.	9
Happy Valley- Goose Bay	Capital works project assessments and contract administration, municipal training, legislative and administrative support.	4

Budget and Expenditures

The Department's approved budget, excluding Fire and Emergency Services – Newfoundland and Labrador, for 2008-09 was \$192.6M, an increase of \$35.1M over 2007-08. Net expenditure for fiscal 2008-09, after revenue, totalled \$179.9M, an increase of \$35.2M from 2007-08. For further budget details see Appendix B–Financial Statements.

SHARED COMMITMENTS

The Department of Municipal Affairs collaborates with several provincial and federal government departments, as well as municipalities, particularly in the areas of land use planning, employment support, infrastructure development, environmental issues, regionalization of services, water quality, waste water treatment, waste management, and legislative and administrative support. Consultation and cooperation with organizations responsible for these issues is necessary to develop and work toward shared goals.

The Department has been successful in establishing positive relationships with stakeholders that have led to improved policies, services and programs, thereby supporting the strategic directions of Government. The Department works closely with numerous organizations and associations including, but not limited to, the following:

- Municipalities Newfoundland and Labrador (MNL);
- Professional Municipal Administrators (PMA);
- Combined Councils of Labrador;
- Regional joint councils;
- Regional Waste Management Authorities and Committees;
- Regional Service Boards;
- Royal Canadian Legion;
- Provincial Government departments including Environment and Conservation, Transportation and Works, Government Services, Labrador and Aboriginal Affairs, Health and

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Gas Tax Agreement:

- \$82.25M over four years
- \$14.7M for predetermined municipal allocations in 2008-09
- \$22.5M for solid waste management in 2008-09

Community Services, Fisheries and Aquaculture and Tourism, Culture and Recreation;

- Multi-Materials Stewardship Board;
- Municipal Training and Development Corporation;
- Infrastructure Canada;
- Atlantic Canada Opportunities Agency;
- Atlantic Canada Water Works Association;
- Lending institutions;
- Educational institutions;
- Professional Engineers and Geoscientists of Newfoundland and Labrador;
- Newfoundland and Labrador Construction Association; and
- Consulting Engineers of Newfoundland and Labrador.

Together with these organizations, the Department has made significant progress towards its strategic goals of increased regional cooperation initiatives, implementation of a new municipal fiscal framework, and development of a municipal asset management plan for municipalities.

HIGHLIGHTS AND ACCOMPLISHMENTS

Gas Tax Agreement

The Canada/Newfoundland and Labrador Gas Tax Agreement provides a substantial new source of funding to support environmentally sustainable municipal infrastructure. The current Agreement is administered by the Department of Municipal

Affairs and provides \$82.25M over four years to eligible project categories which include: drinking water, waste water management, solid waste management, public transit, community energy systems, municipal capacity building, and transportation infrastructure (roads and bridges). In fiscal year 2008-09, the third year of the Agreement, the Department transferred \$14.7M in predetermined municipal allocations and \$22.5M for solid waste management initiatives.



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Municipal Affairs**

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**Integrated
Sustainability Plans to
be completed by
municipalities March
31, 2010**

**Municipal Assessment
Toolkit completed by
90% of municipalities**

This year, the Department established the Gas Tax Secretariat to enhance administration of the program and support services to municipalities, Inuit Community Governments and other eligible recipients. The Secretariat has developed information packages, developed a website, and conducted information sessions. The Secretariat is also responsible for administering funding, providing ongoing implementation support for municipalities, and ensuring that funded projects meet all federal and provincial reporting requirements.

Integrated Community Sustainability Plans

The Department of Municipal Affairs has assisted communities in developing Integrated Community Sustainability Plans (ICSPs). Development of these plans is a requirement of the Canada/Newfoundland and Labrador Gas Tax Agreement, which provides funding for sustainable municipal infrastructure projects. These plans address a community's long-term sustainability objectives with respect to environmental, cultural, social, economic and governance issues. As a first step, starting in June 2008, the Department funded Municipalities Newfoundland and Labrador's Community Cooperation Resource Centre to carry out Municipal Self-Assessment Toolkit sessions with 256 municipalities.

The Department developed a framework and guidelines to assist municipalities in preparation of their ICSPs. Starting in April 2009, the Department of Municipal Affairs' staff will conduct ICSP training sessions with municipalities and Inuit Community Governments throughout the Province.

Regional Governance Models

The Department has completed a review of various governance models across the Country. The Department is testing the Regional Service Board Model as a means of delivering various municipal services over a broad geographic area. The Department is currently working with the Northern Peninsula Regional Service Board (NORPEN) to pilot regional fire services over a broad geographic area comprised of municipalities, local service districts and unincorporated communities.

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Public Sector
Accounting Board:

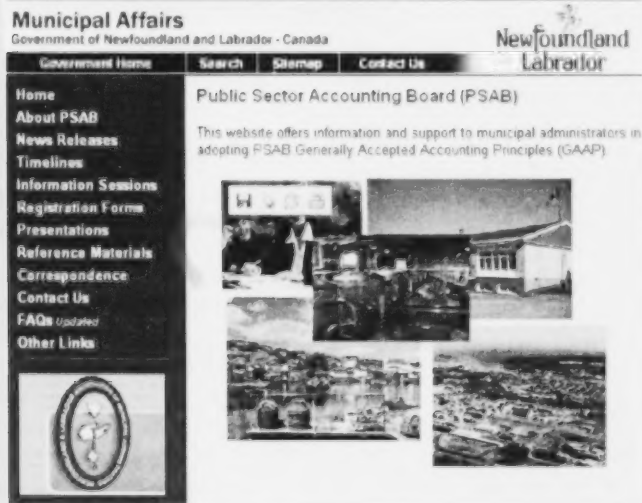
- Financial statements for 2009 will require full PSAB compliance
- 80% of municipalities attended PSAB training sessions

Public Sector Accounting Board Implementation

The Department established a detailed action plan, developed guidelines and provided training and technical advice to assist the Province's 276 municipalities and five Inuit Community Governments with implementation of the new Public Sector Accounting Board (PSAB) accounting standards. Financial statements for 2009 will require full PSAB compliance.

From May – September 2008, the Department delivered 16 training sessions on Tangible Capital Assets, attended by 80% of the Province's local governments. The Department developed two additional reference manuals, and launched the PSAB resource website (www.ma.gov.nl.ca/ma/psab). From October–December 2008, the Department delivered another series of training sessions on Government Reporting Entities and Partnerships and Obligations, including legal, accounting and regulatory obligations. Again 80% of local governments participated. The Department is currently developing the final series of training sessions to be delivered in 2009-10. Topics will include financial statement presentation and disclosure requirements, as well as conversion of the annual cash budget into a PSAB format for financial reporting.

The Municipal Training and Development Corporation promoted these training programs and provided a funding subsidy to participating municipalities.



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Municipal Capital
Works:

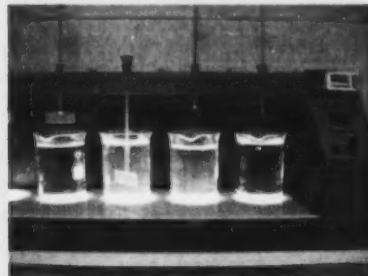
- \$84.3M for 2008-09
(69% increase)
- \$252.9M over three
years
- \$6M committed to
safe drinking water

Support in Transition in the Fish Processing Sector

The Department coordinated Government's commitment to provide employment transition services to fish plant workers in communities where the fish plant has closed permanently. In 2008-09, transition services were offered to workers from plants in Port aux Basques and Trouty. Additionally, the Department finalized an evaluation of the Fish Plant Workers Employment Support Program to help improve future delivery of this program.

Municipal/Community Infrastructure

Municipalities throughout Newfoundland and Labrador are experiencing a variety of infrastructure demands ranging from the need to upgrade existing infrastructure to full replacement. In 2008-09, the Department changed its method of funding capital works programs from an annual commitment to a three-year funding strategy. This enables municipalities to plan and implement major projects much more efficiently. In addition, the Department increased its capital budget commitment by \$34.4M annually for a total annual provincial commitment of \$84.3M, an increase of 69 per cent. This resulted in a total provincial commitment in municipal infrastructure of \$252.9M over three years. Together with federal and municipal investment, the three



year investment in municipal infrastructure will be approximately \$404M, including federal funding of approximately \$68M. Examples of projects include water and sewer distribution, water treatment, sewage treatment, solid waste management, roads and storm drainage, and recreation facilities.

Under the Department's three-year funding strategy, an annual amount of \$6M was committed for the provision of potable drinking water in conjunction with the Department of Environment and Conservation's Safe Drinking Water Initiative. An interdepartmental committee was formed to oversee appropriate capital improvements for selected communities with water quality

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Provincial Solid Waste
Management Strategy:

- \$200M Strategy
- Capital expenditures totaled \$25.7M for 2008-09

issues. An annual amount of \$4M was also committed for sewage treatment and disposal.

The Department implemented its Engineering Design Initiative. Under this Initiative, municipalities get preliminary approval allowing them to complete detailed project design and produce an accurate cost estimate in advance of project approval. This provides the Department and the municipality with an opportunity to evaluate any unanticipated design issues before final project approval is considered, as well as allowing for a more accurate cost estimate. Once funding approval is granted, projects can immediately proceed to tender.

Provincial Solid Waste Management Strategy

In May 2007, Government announced the implementation of the \$200M multi-year Provincial Solid Waste Management Strategy to ensure effective and efficient management of solid waste in Newfoundland and Labrador. Municipal Affairs is the lead Department for implementation of the Strategy. This role includes: developing solid waste site consolidation plans, establishing regional waste management committees and authorities, and overseeing the construction of three regional full-service waste management facilities (Avalon, Central, and Western), which will receive waste from all regional systems on the island.

Capital expenditures totaled \$25.7M for the 2008-09 fiscal year. \$22.5M of that total was for capital works at the Avalon site at Robin Hood Bay. Work at the site involved the upgrading of the actual landfill, including a leachate collection system, construction of an administration building, as well as construction of the material recovery (recycling) facility and the composting facility.



- Three waste sites and two teepee incinerators closed
- 70 additional sites identified for closure

In August 2008, construction started on the Central regional site located near Norris Arm North, as well as early construction activity at some of the future transfer stations throughout the region. Design and tender preparation work for the Central waste management system was also a significant focus this year in preparation for escalating construction activity in the region in 2009-10. An official public launch of the 12-member Central Regional Service Board was held in February 2009.

This year, the Minister appointed members to the Western Waste Management Committee. The Committee is currently engaged in a study which will determine the location and type of system for its main host site. NorPen Regional Services Board is actively delivering waste management services on the Northern Peninsula. Waste management committees in the remaining 11 regions of the Province are in various stages of start-up.

To advance province-wide planning of the Strategy, the Department engaged consultants to prepare 15 regional solid waste site consolidation plans. These plans identify opportunities for consolidating waste sites, and discontinuing the use of systems such as teepee incinerators which do not meet current environmental standards. The Department will review these studies and implement solutions in collaboration with waste management boards, committees and municipalities. Three waste sites were closed this year, as well as two teepee incinerators. Approximately 70 sites across the Province have been identified for closure within the next several years.

Three regional land use
plans under
development:

- Northeast Avalon
- Corner Brook –
Humber Valley
- Labrador Inuit
Settlement Area

Land Use Planning

Regional plans provide a framework to ensure a balance between the demands for development, natural resource use, and the need to protect and enhance tourism potential. Regional planning is facilitated by regional planning authorities or committees. These entities are mandated to oversee the preparation of a regional plan including the development of an appropriate public consultation process.

There are currently three regional land use plans under development in the Province: Northeast Avalon, Corner Brook–Humber Valley, and the Labrador Inuit Settlement Area. The committees for the Northeast Avalon and Corner Brook–Humber Valley regions comprise municipal and provincial government representatives. The Labrador Inuit Settlement Area authority comprises persons jointly appointed by the Province and the Nunatsiavut Government. The Northeast Avalon and Labrador Inuit Settlement Area plans are targeted for completion by March 31, 2011. It is anticipated that the Corner Brook-Humber Valley plan will be completed by March 31, 2012.



Afghanistan Memorial

The Department carried out several initiatives in fulfillment of its mandate to coordinate Government's involvement in annual ceremonies to honour our veterans. With assistance from the Province's Military Family Resource Centres and the Royal Canadian Legion, the Department coordinated Government's efforts to establish a memorial to honour military personnel who have served and sacrificed their lives in the Afghanistan mission. On November 11, 2008, as part of the Remembrance Day ceremony, Premier Williams unveiled the Afghanistan Memorial Plaque at the National War Memorial in St. John's. The Department continues to work with the memorial committee to determine other appropriate memorial actions.

"In perpetual remembrance of the men and women of the Canadian Forces, and other Canadians, who served and sacrificed their lives as part of international efforts to protect the rights and freedom of humanity, and to bring security and stability to the people of Afghanistan.

"This memorial is erected by the Government of Newfoundland and Labrador, in cooperation with Newfoundland/Labrador Command of the Royal Canadian Legion and the Provincial Military Family Resource Centres, and was unveiled by the Honourable Danny Williams Q.C., Premier of Newfoundland and Labrador, in the year 2008 A.D. during the reign of Her Majesty Queen Elizabeth II.

"At the going down of the sun and in the morning we will remember them."



MISSION:

To improve efficiency
of municipal service
delivery

VISION

The vision of the Department of Municipal Affairs is of communities with viable, sustainable municipal services led by strong local governments.

MISSION

The mission statement identifies the priority focus area of the Minister over two strategic planning cycles. It represents the key longer-term result that the Minister and the Department will be working towards as they move forward on the strategic directions of Government. The statement also identifies the measure and indicators that will assist both the Department and the public in monitoring and evaluating success.

One of the biggest challenges facing all municipalities in the Province is providing appropriate levels of municipal services in a cost-effective manner. Another challenge is the fiscal impact of new waste management practices. Costs are expected to increase, in part, as a result of updated environmental regulations that require new landfills to be lined with a leachate collection and treatment system to ensure protection of the environment. Changes to environmental standards are also expected in the areas of water treatment and waste water treatment. These too will lead to increased demand and costs for services. Finally, construction cost escalation has been substantial and municipalities are facing enormous pressure to maintain existing infrastructure.

Lastly, to guide these future infrastructure and capital investment costs, municipalities will need funding to develop and/or revise municipal land use plans and sustainability plans. Given these challenges, the long term mission is:

By March 31, 2011, the Department of Municipal Affairs will have improved the efficiency of municipal service delivery.

Performance Measure: Improved efficiency of municipal service delivery

Indicators:

- Increased investment in regional service delivery
 - solid waste disposal sites
 - water supply
 - waste water disposal
- Expansion of regional service boards across the Province

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Cost sharing ratios
(provincial
share/municipal share):

- 90/10 for populations less than 3000
- 80/20 for populations 3000-7000
- 70/30 for populations greater than 7000

- Completion of regional land use plans for the Northeast Avalon and Corner Brook-Humber Valley regions
- Increased investment in the development or enhancement of water and waste water treatment plants
- Increased number of communities with a debt-service ratio of 30% or less
- Increased cost-sharing ratio of provincial to municipal investment in capital infrastructure
- Implementation of new threshold standards pertaining to average per unit cost of water and sewage services funded in any way by the Department

Progress and Accomplishments

Mid-way into its five-year mission, the Department has made substantial strides towards improving the efficiency of municipal service delivery. Under the Provincial Solid Waste Management Strategy, regional waste management sites and systems are being developed. The Department is providing support for the completion of regional land use plans for three regions: Northeast Avalon, Corner Brook-Humber Valley and the Labrador Inuit Settlement Area. Progress is being made on decreasing the number of communities with debt-service ratios of 30% or greater. The number of communities in this category has decreased by 7% since April 1, 2006.

In April 2008, a new municipal infrastructure cost-sharing formula was announced, which increases the provincial share of municipal infrastructure costs and decreases the financial burden on municipalities. Under the new formula, towns with populations under 3000 contribute 10% toward the cost of capital infrastructure. Towns with populations between 3000 and 7000 contribute 20%, and the largest cities and towns with populations over 7000 contribute 30%.

Previously, municipalities were obliged to provide 20-50% of the funding for many projects. Another aspect of the new funding formula is that the ratios remain the same regardless of whether there is federal funding involved in the project.

The Department is developing regional solid waste consolidation plans.

The Department allocated \$1M to facilitate regional cooperation initiatives and provided \$250,000 to Municipalities Newfoundland and Labrador to execute its Municipal Sustainability Self-Assessment Toolkit.

OUTCOMES OF OBJECTIVES

In consideration of Government's strategic directions and the mandate and financial resources of the Department, the following issues were identified as the key priorities of the Minister for the period of April 1, 2008 to March 31, 2011. The goals identified for each issue reflect the results expected in the three-year timeframe, while the objectives provide annual benchmarks. This report delineates progress during the first year of the Department's 2008-2011 Strategic Plan.

ISSUE 1: Regional Service Delivery

Municipalities provide a range of services to their residents such as clean drinking water, garbage pick up, solid waste and waste water disposal, snow clearing, fire protection, street lighting, recreational facilities, etc. However, some municipalities within the Province are increasingly challenged to efficiently and effectively provide these services. The cost of delivering municipal services is steadily increasing at a time when municipal revenues are decreasing. There are 276 municipalities, 5 Inuit Community Governments, and 182 local service districts throughout the Province. Over the past number of years, a number of communities have strengthened their local governance simply through a sharing of services to achieve greater financial viability and greater efficiency in service delivery. Assessments of service sharing have clearly demonstrated more effective ways of delivering municipal services. Currently, approximately 40 communities in 12 locations throughout the Province have expressed an interest in an open dialogue on regional service delivery. To support regional service delivery, Government has announced \$1M in funding and it has dedicated senior staff to facilitate community discussions and conduct assessments on regional cooperation initiatives. Increased cooperation enhances regional sustainability by enabling communities to achieve greater economies of scale, access more strategic capital infrastructure investments and broaden their tax base.

In its 2008-11 Strategic Plan, the Department identified Regional Service Delivery as a critical component in achieving the strategic direction of *Increased Regional Sustainability*. This year the Department undertook a number of assessment reports to help municipalities identify new opportunities for cooperation in regional service delivery, which will facilitate regional cooperation agreements and result in increased regional sustainability.

Goal 1: By March 31, 2011 the Department of Municipal Affairs will have increased regional cooperation initiatives and assessed regional service delivery opportunities throughout the Province.

Performance Measure	Indicators
Increased regional cooperation initiatives	<p>Number of regional cooperation initiatives such as:</p> <ul style="list-style-type: none"> • Integrated community sustainability plans • Water supply • Fire departments • Solid waste management • Regionalization of water system maintenance and operations • Mergers • Regional governance structures • Snow clearing • Administration services • Recreation facilities
Assessment of regional service delivery options	<ul style="list-style-type: none"> • Assessment report document



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- Towns of Roddickton and Bide Arm amalgamated into new town of Roddickton-Bide Arm effective January 1, 2009

2008-2009

Objective 1.1: By March 31, 2009 the Department of Municipal Affairs will have completed assessment reports on regional cooperation initiatives for those communities that have expressed an interest in regionalization initiatives.

Performance Measure: Assessment Reports

Indicators	Progress & Accomplishments
Number of assessment reports completed	<p>Five assessment reports were completed in support of the following communities, who expressed an interest in exploring regionalization initiatives:</p> <ol style="list-style-type: none"> 1) Roddickton-Bide Arm 2) Victoria-Salmon Cove 3) Bay de Grave Regional Services Corporation (North River, South River, Clarke's Beach, Cupids and Mackinsons) 4) Gander Bay (Gander Bay North, Gander Bay South and Main Point-Davidsville) 5) Hillview-Adeytown-Hatchet Cove-St. Jones Within <p>The assessment process included: initial discussions, appointment of needs assessment committees, preparation of feasibility studies, and identifying terms of cooperation/amalgamation, including financial information and governance structures. The Victoria-Salmon Cove and Bay de Grave assessments included the feasibility studies and other regional cooperation initiatives initiated in 2007-08.</p> <p>Several communities have already entered into regional cooperation agreements as a result of the assessment report process. The former towns of Roddickton and Bide Arm have amalgamated into the new town of Roddickton-Bide Arm, effective January 1, 2009. The Department provided financial support to the new entity which will ease its debt burden and provide funding for new infrastructure projects.</p>

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The Department of Municipal Affairs worked with the Local Service District of Hillview-Adeytown and the communities of Hatchet Cove and St. Jones Within to establish a new amalgamated Local Service District of Hillview-Adeytown-Hatchet Cove-St. Jones Within. The communities saw this as an opportunity to operate a more effective and efficient fire protection service and waste management collection and disposal service.

The Department of Municipal Affairs assisted North River, South River, Clarke's Beach, Cupids and Mackinsons in forming a regional fire protection service: the Bay de Grave Regional Services Corporation. The Corporation was established in March 2008. Financial assistance was provided to construct and equip the fire hall. A sod turning ceremony was held in September 2008. The Department continues to work with the Corporation through the transitional process.

2009-2010

Objective 1.2: By March 31, 2010 the Department of Municipal Affairs will have facilitated regional cooperation initiative agreements with communities that want to share services.

Performance Measure	Indicators
Number of regional cooperation initiative agreements facilitated by the Department	<ul style="list-style-type: none">• Number of amalgamations, annexations, and/or mergers• Number of communities involved in regional cooperation discussions• Number of collaborative Integrated Community Sustainability Plans completed• Number of regional cooperation agreements completed• Number of solid waste sites consolidated

2010-2011

Objective 1.3: By March 31, 2011 the Department of Municipal Affairs, in cooperation with Municipalities Newfoundland and Labrador will have identified opportunities for other communities throughout the Province to engage in regional cooperation initiatives.

ISSUE 2: Fiscal Framework

Increasing health standards for water quality, emerging environmental standards for waste water disposal and solid waste management, escalating costs associated with an aging infrastructure and construction costs, paying down decades old municipal debts, and meeting an ever increasing range of service delivery demands have created significant fiscal challenges for most municipalities. There are benefits to be realized with more standardized approaches to debt management, service delivery standards for some municipal services, refocusing Government transfers, and enhancing municipal taxation authorities. This year the Department undertook a jurisdictional review of municipal fiscal arrangements across Canada. The Department of Municipal Affairs will work with Municipalities Newfoundland and Labrador and other key stakeholders to review municipal financing authorities, programs and efficiencies in an effort to address the fiscal challenges facing municipalities. Development and implementation of a new fiscal framework will lead to increased regional sustainability.

In its 2008-11 Strategic Plan, the Department identified New Fiscal Programs as a critical component in achieving the strategic direction of *Increased Regional Sustainability*. This year the Department undertook a comprehensive jurisdictional review of municipal fiscal programs in other Canadian provinces, and assessed how these programs may be applied to our Province. This will contribute to development and implementation of new fiscal programs for Newfoundland and Labrador, contributing to increased regional sustainability.

Goal 2: By March 31, 2011, the Department of Municipal Affairs will have implemented a new municipal fiscal framework.

Performance Measure	Indicators
Development of fiscal framework	<ul style="list-style-type: none"> • Jurisdictional review of municipal fiscal arrangements • Assessment of municipal revenue sources • Assessment of municipal service delivery costs • Assessment of municipal accountability requirements • Fiscal framework
Implementation of new municipal fiscal framework	<ul style="list-style-type: none"> • Establishment of new fiscal programs • Transitional plan • All provincial/municipal transactions are in line with new fiscal framework

2008-2009

Objective 2.1: By March 31, 2009, the Department of Municipal Affairs will have developed a fiscal framework.

Performance Measure: Development of fiscal framework

Indicators	Progress & Accomplishments
Jurisdictional review of municipal fiscal arrangements	The Department commissioned the Intergovernmental Committee on Urban and Rural Research to conduct studies of municipal financing. "Municipal Funding in Canada" was completed in July 2008, and "Municipal Revenue Sources in Canada" was completed in August 2008.
Assessment of municipal revenue sources	The Department conducted an assessment of current municipal revenue sources in Newfoundland and Labrador, noting similarities and differences with other Canadian provinces.

Assessment of municipal service delivery costs	The Department conducted an assessment of current municipal service delivery costs, as well as associated governance structures. The assessment focussed on the Newfoundland and Labrador context, with comparative data from other Canadian provinces.
Assessment of municipal accountability requirements	This study assessed municipal accountability requirements, focusing on the effectiveness of unconditional and conditional funding on municipal sustainability.
Fiscal framework	During the time the new fiscal framework was under development, substantial downturns in the world and provincial economies were occurring. This caused the Department to delay the deployment of a new fiscal framework. The new fiscal framework will require consideration of forecasts of future economic trends. This work will be undertaken in fiscal year 2009-10.

2009-2010

Objective 2.2: By March 31, 2010, the Department of Municipal Affairs will have implemented a transitional plan for a new fiscal framework.

Performance Measure	Indicators
Fiscal framework developed	<ul style="list-style-type: none"> Fiscal framework document completed
Transition plan implemented	<ul style="list-style-type: none"> Transition plan document completed Implemented a transitional plan

2010-2011

Objective 2.3: By March 31, 2011, the Department of Municipal Affairs will have implemented a new municipal fiscal framework.

ISSUE 3: Municipal Infrastructure Strategy

Similar to other provinces in Canada, Newfoundland and Labrador constructed the majority of its public municipal infrastructure during the 1950s, 1960s, and early 1970s. While Government has continued to make strategic infrastructure investments, the average age of our infrastructure is steadily increasing. Empirical research clearly demonstrates that countries with modern, safe, and efficient infrastructure are more productive and more competitive in global markets. However, the ongoing challenge with infrastructure investments is determining what should be maintained, replaced and/or developed; in particular the priority setting is most challenging. There is a lack of data regarding location, physical condition assessment, remaining service life and replacement costs of infrastructure assets. Moreover, acquiring and utilizing this data is both demanding and complex. Best practices in asset management need to be reviewed and a program developed and piloted to ensure effective and efficient infrastructure investments and maintenance. This asset management approach will provide an analytical tool to assess needs and set priorities to inform, refine, and shape the municipal infrastructure investment strategy.

In its 2008-11 Strategic Plan, the Department identified Asset Management Systems as a critical component in achieving the strategic direction of *Strengthened Municipal Capacity*. This year the Department identified two locations to pilot asset management systems, and initiated development of these systems. These measures are a step towards development of a municipal asset management plan, which will contribute to strengthened municipal capacity in the Province.

Goal 3: By March 31, 2011, the Department of Municipal Affairs will have a municipal asset management plan for municipalities.

Performance Measure	Indicators
Municipal asset management plan	<ul style="list-style-type: none"> • Identification of pilot locations • Deployment of asset management systems in pilot locations • Evaluation of piloted municipal asset management systems • Selection of municipal asset management system • Municipal asset management plan

2008-2009

Objective 3.1: By March 31, 2009, the Department of Municipal Affairs will have piloted municipal asset management systems.

Performance Measure: Pilot of municipal asset management systems

Indicators	Progress & Accomplishments
Identification of pilot locations	<p>Two pilot locations were selected, one urban and one rural. The rural location includes the Burin Peninsula communities of Marystown, Burin, St. Lawrence, Fortune and Grand Bank. Mount Pearl was selected as the urban location.</p> <p>Two different approaches to system development were adopted. In Burin, a company was contracted to develop a customized system. In Mount Pearl, the software "Public Sector Digest-City Wide Municipal" was procured through a Request for Proposals (RFP) process.</p>
Deployment of asset management systems in pilot locations	<p>Due to various start-up challenges, neither system was deployed in the pilot locations by March 31, 2009. In Burin, since the system is being custom built by a local engineering company, the process is taking</p>

	longer than anticipated. In Mount Pearl, the RFP process, including evaluation and selection of proposed products, took longer than anticipated. Consequently, acquisition of the selected software was not finalized until March 2009. The aim is to have both the Burin and Mount Pearl systems deployed by December 2009.
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2009-2010

Objective 3.2: By March 31, 2010, the Department of Municipal Affairs will have evaluated and selected a province-wide asset management system.

When the Department's Strategic Plan was developed in 2008, it was projected that evaluation and selection of an asset management system could be completed by March 2010. Given that the pilot asset management systems will not be deployed until fall 2009, it is anticipated that the 2010 objective will not be fully met until the 2010-11 year. The Department remains committed to completing a municipal asset management implementation plan by March 31, 2011.

Performance Measure	Indicators
Evaluated province-wide asset management system	<ul style="list-style-type: none"> • Deployment of asset management systems in pilot locations • Jurisdictional review completed • Evaluated pilot projects • Evaluation report completed
Selected a province-wide asset management system	<ul style="list-style-type: none"> • Selection of province-wide asset management system

2010-2011

Objective 3.3: By March 31, 2011, the Department of Municipal Affairs will have a municipal asset management implementation plan for municipalities.

OPPORTUNITIES AND CHALLENGES AHEAD

There are many opportunities and challenges ahead as the Department moves forward with improving the efficiency of municipal service delivery in Newfoundland and Labrador. With respect to regional service delivery, the Department is pleased with the level of interest expressed by local governments across the Province. Along with the Department, they view this as an opportunity to effectively and efficiently deliver municipal services within current fiscal realities. The Department is committed to helping interested communities reach shared service agreements in a timely fashion to meet the needs of their particular circumstances.

Municipalities are challenged to meet increased health and environmental standards for drinking water, waste water treatment, and solid waste management, as well as escalating construction costs for needed infrastructure. All of these demands come at a time when many communities have declining populations and tax bases.

Many municipalities in the Province lack the necessary tools to assess and determine the state of their municipal assets. This presents challenges for both the Department and municipalities to effectively assess, manage and plan municipal infrastructure, and to ensure that sound investments are made. A further complicating factor is variation in community size, which results in widely diverse financial and human resource capacities to address municipal asset management. New technologies and approaches to municipal asset management provide an opportunity to address these issues. A challenge will be to put a system in place which will serve the needs, and recognize the differing capacities, of both large and small municipalities.

Although the Department has many challenges in the areas of municipal service delivery, fiscal sustainability, and infrastructure, innovative ways of doing business are being adopted and new technologies are being investigated. The Department of Municipal Affairs envisions a Province where people enjoy healthy, safe and sustainable communities supported by strong local governments, and is taking active steps to achieve this vision.

APPENDIX A: LEGISLATIVE ACTS

The following legislation informs the mandate of the Department of Municipal Affairs:

Assessment Act, 2006	Avian Emblem Act
Building Standards Act	City of Corner Brook Act
City of Mount Pearl Act	City of St. John's Act
City of St. John's Municipal Taxation Act	Coat of Arms Act
Commemoration Day Act	Crown Corporations Local Taxation Act
Emergency Measures Act	Evacuated Communities Act
Family Homes Expropriation Act	Fire Prevention Act, 1991
Firefighter's Protection Act	Floral Emblem Act
Housing Act	Housing Association Loans Act
Labrador Act	Mineral Emblem Act
Municipal Affairs Act	Municipal Authorities Amendment Act, 1999
Municipal Elections Act	Municipalities Act, 1999
Provincial Anthem Act	Provincial Flag Act
Regional Service Boards Act	Remembrance Day Act
St. John's Centennial Foundation Act	St. John's Municipal Council Parks Act
Standard Time Act	Urban and Rural Planning Act, 2000
Taxation of Utilities and Cable Television Companies Act	

APPENDIX B: FINANCIAL STATEMENTS

Unaudited

Annual Report for Municipal Affairs 2008-09*

	<u>Original</u> <u>08/09 Budget</u>	<u>Actual</u>
Executive and Support Services		
Minister's Office		
Minister's Office: 1.1.01	268,000	263,088
General Administration		
Executive Support: 1.2.01	748,800	771,581
Administrative Support: 1.2.02	1,016,800	1,135,768
Less Provincial Revenue	<u>-5,000</u>	<u>-1,114</u>
	1,011,800	1,134,654
Administrative Support - Capital: 1.2.03	<u>70,000</u>	<u>73,071</u>
Total Executive and Support Services	2,098,600	2,242,394
Services to Municipalities		
Regional and Financial Support Services		
Support to Municipalities: 2.1.01	1,334,700	2,343,974
Municipal Finance: 2.1.02	305,900	469,549
Policy and Planning		
Policy and Planning: 2.2.01	582,900	633,448
Urban and Rural Planning: 2.2.02	458,000	558,682
less Provincial Revenue	<u>-5,200</u>	<u>-5,315</u>
	452,800	553,367
Engineering Support		
Engineering Services 2.3.01	1,794,000	614,316
Less Provincial Revenue	<u>-441,800</u>	<u>-2,502</u>
	1,352,200	611,814
Industrial Water Services: 2.3.02	684,100	770,801
less Provincial Revenue	<u>-684,100</u>	<u>-254,944</u>
	0	515,857
Total Services to Municipalities	4,028,500	5,128,009
Assistance and Infrastructure		
Financial Assistance		
Municipal Debt Servicing: 3.1.01	16,550,100	17,442,362
Municipal Operating Grants: 3.1.02	17,850,000	17,773,073
Special Assistance: 3.1.03	2,699,800	2,659,386
Community Enhancement: 3.1.04	5,347,000	6,255,799

Department of
Municipal Affairs

2008-2009 Annual
Report

	Original 08/09 Budget	Actual
Municipal Infrastructure		
Municipal Infrastructure – Capital: 3.2.01	87,578,000	95,922,646
Federal/Provincial Infrastructure Programs –Capital 3.2.02	31,796,400	19,385,199
Less Federal Revenue	<u>-11,250,000</u>	<u>-7,606,941</u>
	20,546,400	11,778,258
Canada/NL Gas Tax Program – Capital: 3.2.03	52,379,000	37,194,801
Less Federal Revenue	<u>-16,450,000</u>	<u>-16,450,000</u>
	35,929,000	20,744,801
Municipal Transit 3.2.05	3,800,000	3,800,000
Less Federal Revenue	<u>-3,800,000</u>	<u>-3,800,000</u>
	0	0
Total Assistance and Infrastructure	186,500,300	172,576,325
 Total Department	 192,627,400	 179,946,728

** Expenditure and revenue figures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year ended 31 March 2009. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process; however the Department of Municipal Affairs is not required to provide a separate audited financial statement.*

